

Tobacco Settlement Trust Fund (TS0)

Proposed Operating Budget (\$ in thousands)	\$64,100
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Overview

In November 1998, the District of Columbia and 46 states and various jurisdictions signed a Master Settlement Agreement with the tobacco industry ending a four-year battle over treatment costs incurred for smoking-related illnesses. Under the settlement, the tobacco companies are scheduled to pay \$253 billion over a 25-year or longer period. The receiving governments may use the funds for any purpose, including securing the issuance of revenue bonds. The Mayor is proposing restricting the use of these funds to Tobacco Control and Health Promotion, General Health, Education, and Families and Youth programs.

The District of Columbia's unadjusted receipts from the tobacco settlement range from \$15 million in early FY 2000 up to \$53 million annually, for a total of \$1.2 billion by 2025. There are a number of potential adjustments to the payment schedule, including an inflation adjustment and cigarette volume adjustment.

During FY 2000 and FY 2001, the District of Columbia is scheduled to receive \$95.9 million from the settlement. More than \$16 million has already been realized as revenue in the general fund. The settlement funds will be placed in the Tobacco Settlement Trust Fund account within the general fund. The account will be set up so that at the end of a fiscal year, the unexpended funds do not revert to the general fund but are carried over or advanced into the next fiscal year within the Trust Fund. The Mayor is proposing an allocation plan, after discussions with children and health advocates in the District. The plan calls for approximately \$64.1 million to be expended in FY 2001 upon the District Council's approval. The funding proposed will support programming in the areas of Tobacco Control, Health, Education, and Families.

Tobacco Control and Health Promotion

The Tobacco Control and Health Promotion Program has 5 goals:

1. To reduce prevalence of youth smoking from 22 percent to 16 percent.
2. To reduce the percentage of youth who have ever smoked cigarettes from 67 percent to 50 percent.
3. To reduce adult prevalence of smoking from 18.8 percent to 14 percent.
4. To eliminate disparities in smoking rates among ethnic groups, so no one group has a rate that is 10 percent more than the average smoking prevalence for the District.
5. To mobilize the civic activism and leadership of District youth to bring about these changes.

The Mayor proposes that \$11.3 million be spent on additional enhancements in the areas of tobacco control and health promotion to meet the District's goals. The Department of Health will begin the design and implementation of a comprehensive tobacco control and health promotion program with both District-wide and neighborhood-based initiatives. These initiatives will focus on education and outreach to prevent tobacco use and will target residents' tobacco use patterns and the relationships between smoking and other substance addictions. It will encourage healthy lifestyles and will reflect the cultural differences among the District's varied population. The programming proposed will encourage

community members – particularly youth – to participate in tobacco use prevention programs, establish telephone helplines, provide tobacco addiction treatment, and include a number of school-based health promotion activities.

The money will also be spent on improving surveillance, evaluation, and enforcement of retailers selling tobacco products to youth under the age of 18. In addition, funding will be spent on a media campaign and outreach efforts tailored to the perspectives of the District's varied ethnic communities. Community outreach programs will include exercise programs and educational seminars. Brochures will be made available on asthma and oral cancer. Public services announcements, informational brochures and press kits will also be available.

General Health

The Mayor proposed that approximately \$25.4 million be spent to address health issues. One of the primary goals of this administration is to increase access to primary and preventative services. Tobacco funds can aid the District in achieving this goal. Building the capacity of our health care system to deliver high quality, community-based care in inviting and healthy environments is a key component of the Health Care System Development Commission's Year 2000 recommendations. To achieve its goals for health improvement in FY 2001, the administration proposes activities in two key areas – 1) improving the District's network of culturally-friendly, neighborhood health centers that provide quality primary care for insured and uninsured individuals, and 2) expanding coverage for health care and pharmaceuticals. The Mayor is proposing that funds be used to increase Medicaid payments to community health centers serving Medicaid and uninsured individuals, to provide resources for health center capacity-building and renovation, and to help support senior wellness services being added to recreation center activities and other District programs. The Mayor is additionally proposing that funds be used to support the first phase of coverage expansion for uninsured individuals without dependent children, pharmaceuticals for individuals without prescription drug benefits, and health care for immigrant children who are not eligible for D.C. Healthy Families.

Education

Approximately \$10.2 million is proposed to improve DCPS' technology platform, to provide salary and other incentives for teachers and principals, as well as to make resources available to allow 150 teachers to gain National Board Certification, a rigorous program to improve teacher quality.

Many of the DCPS' buildings do not currently support the telecommunication wires needed to link all classrooms, labs and libraries to the Internet. To establish this capacity would require approximately \$5 million from the Tobacco Settlement Trust Fund. Four million would serve as a one-time match to a federal *E-Rate grant* from the FCC to get all schools fully wired for the Internet and phone networks. An additional \$1 million would be used to install and support voicemail systems for all schools, enabling teachers to set up "homework hotlines" and to otherwise improve communication with parents and the community.

Building a leadership pipeline for schools is also a mayoral priority. Two programs are proposed to reward outstanding educators in the system and to attract and retain new teachers and principals. A "Lead Principal" program will attract 30 principals from the region and the nation to serve in the most under-performing schools. A "Teacher Fellows" program aims to bring 100 new teachers into the ranks, individuals accomplished in other career areas and interested in moving into the teaching profession.

Youth and Families

A major priority for the Mayor is the welfare of children. Approximately \$17.2 million dollars of the Trust Fund would be used to provide children with the knowledge and experience necessary to become successful young adults. The majority of this money will be provided to the Children and Youth

Investment Trust to fund board-selected community grants awarded through the RFP process. The board of the Trust is comprised of members appointed by the Mayor and the Council.

An endowment fund for the Inter-generational Foster Care Community will be established. The endowment would fund the refurbishment of 12 blighted homes and 3 apartment buildings in the community to be used for adoptive/foster children, their families, and senior citizens.

Monies from the Trust Fund would be used to provide approximately 33,000 hours of therapy and recreation service to a total of 600 youth and adults with special needs. The therapy and services will aid these individuals in improving their socialization skills.

Finally in FY 2001, funds from the Trust Fund are proposed to support "Safe Kids DC". This program has two critical factors designed to protect children in the District. The first factor is criminal background checks of D.C. employees who provide direct services to children and the second is mandatory drug testing for these employees.